

Message Text

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ACTION EB-08

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R 191206Z MAY 78
FM AMEMBASSY ACCRA
TO SECSTATE WASHDC 3680
AMEMBASSY ABIDJAN
AMEMBASSY LOME
INFO AMEMBASSY LAGOS
AMEMBASSY LONDON

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LAGOS FOR AGATT, LONDON FOR SEITZ

E.O. 11652: N/A
TAGS: ETRD, EFIN, GH
SUBJECT: GHANA: COCOA SITUATION AT CLOSE OF MAIN CROP PURCHASES

REF: (A) ACCRA A-48, (B) ACCRA A-34, (C) ACCRA 1944

1. TOTAL PURCHASES. THE COCOA MARKETING BOARD (CMB)
ANNOUNCED MAY 9 THAT INTERNAL PURCHASES OF 1977/78
MAIN CROP COCOA CEASED MAY 4 THE TOTAL PURCHASED
AMOUNTED TO 263,214 METRIC TONS (MT). EXPATRIATE
OBSERVERS ACCEPT THIS PUBLISHED FIGURE.

2. EARLIER, HIGHLY RELIABLE ESTIMATES OF GHANA'S
MAIN CROP WERE UPWARDS OF 300,000 MT.

3. SMUGGLING. REF A REVISED UPWARD SOMEWHAT OUR
EARLIER (REF C) ESTIMATE OF THE AMOUNTS SMUGGLED. MOST OF THE
35,000 TO 40,000 MT DIFFERENCE BETWEEN THE AMOUNT
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OF COCOA ON THE TREES AC THE TONNAGE SOLD TO THE
CMB CAN ONLY LOXCALLY BE ACCOUNTED FOR BY SMUGGLING
ONE GUESS IS THAT 5,000 MT WERE SMUGGLED TO TOGO AND
30,000 MT OR MORE TO IVORY COAST. (MAY 15 ISSUE OF WEST AFRICA
MAGAZINE ESTIMATES 40 TO 45,000 MT.) WE UNDERSTAND FROM
THE REPRESENTATIVE OF ONE LARGE COCOA TRADING FIRM
THAT EARLY ESTIMATES OF THE IVORY COAST CROP WERE ABOUT

250,000 MT AND THESE HAVE BEEN REVISED UPWARD TO AROUND 285,000. (EMBASSIES ABIDJAN AND LOME MAY WISH TO COMMENT).

4. SALES/SHIPMENTS. ALL BUT 18,000 MT OF THE 1977/78 MAIN CROP HAVE BEEN SOLD. THE CMB IS NOW CONTRACTING TO SELL THESE FINAL AMOUNTS FOR JUNE-AUGUST SHIPMENT. THROUGH END-APRIL 117,582 MT WERE SHIPPED, OR LESS THAN ONE-HALF OF TOTAL PURCHASES. HOWEVER, ABOUT 30,000 MT WILL BE PROCESSED LOCALLY AND EXPORTED ONLY LATER IN THE FORM OF COCOA BUTTER, COCOA LIQUEUR, ETC., (BUT AT A COMPARABLE EXPORT PRICE). THE TRANSPORTATION PROBLEMS ACCOUNTING FOR THE SLOW SHIPMENTS ARE DESCRIBED IN REF B. THE 116,000 MT STILL TO BE SHIPPED WILL TAKE FOUR MONTHS MORE, THAT IS, WELL INTO AUGUST.

5. AVERAGE PRICE. THE LATEST EXPATRIATE OBSERVERS' ESTIMATES OF AVERAGE PRICE WE HAVE ARE (1) DLS 1.60 PER POUND, OR OVER DLS 3,500 PER MT; AND (2) POUNDS STERLING 1800 OR DLS 3240 PER MT. AT SUCH PRICES, THE TOTAL MAIN CROP OF 263,214 MT WOULD BE WORTH BETWEEN DLS 850 AND DLS 925 MILLION. EVEN AT THIS SEASON'S NADIR OF POUNDS STERLING 1500 (ABOUT DLS 3,000) PER MT, THE TOTAL CROP WOULD BE WORTH OVER DLS 700 MILLION. ON BALANCE, WE FAVOR THE DLS 850 MILLION ESTIMATE.

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6. MID-CROP. IT IS TOO EARLY TO ESTIMATE THIS SUMMER'S MID-CROP, BUT ON THE PAST RECORD IT WILL SURELY REACH 10,000 MT AND IF THE PRESENT GOOD WEATHER PREVAILS, COULD REACH 20,000 MT. DESPITE SMUGGLING, GHANA MAY BE EXPECTED TO HAVE AN ADDITIONAL 10,000 MT FOR EXPORT.

7. EXPORT EARNINGS. ON THIS BASIS, DESPITE THE LARGE AMOUNTS SMUGGLED, WE EXPECT TOTAL EXPORT EARNINGS WILL EXCEED DLS 800 MILLION DURING THE COCOA YEAR ENDING SEPTEMBER 30, 1978 (SEE ALSO A-48), AND THAT GHANA'S TOTAL EXPORTS WILL BE WORTH AT LEAST DLS 100 MILLION IN FOREIGN EXCHANGE MONTHLY FOR THE NEXT FOUR MONTHS.
SMITH

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